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WELLINGTON, N.Z.

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FEBRUARY · 1953

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NOTE: Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.

The following symbols have been used throughout the "Bulletin":

.. = not available.

— = nil or less than half the unit employed.

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# Imperial Preference

## I — ITS HISTORICAL DEVELOPMENT

### The Colonial System

In its early form (in the 17th and 18th centuries) imperial preference was part of the mercantilist theory that economic policy should serve to strengthen the political power of the State. This was thought to be achieved mainly by securing a "favourable" balance of trade which would show itself in an inflow of precious metals. Thus European colonisation of North America was directed towards building up the strength of the mother countries to the detriment of rival European powers. England, for example, attempted to monopolise her colonies' overseas trade by making it illegal for certain "enumerated commodities" to be shipped direct to any destination other than England or another colony. This resulted in England being the distributing centre for colonial products. Similarly, the Navigation Acts excluded foreign competition in shipping by requiring that all Empire trade be carried by British ships. This preference-by-compulsion eventually broke down through its rigid interference with economic growth, the revolt of the North American colonists in the 1770's being the turning point.

### The Free Trade Era

Thereafter mercantilism lessened in importance, the theoretical basis of the system being undermined by a school of philosophy of which Adam Smith was the leader. His "Wealth of Nations" which appeared in 1776 exposed the fallacies in the prevailing balance of trade theories, and showed the advantages which international division of labour and expanding world trade could bring. His arguments were only slowly accepted, and it was by a gradual process that England changed from being highly protectionist to predominantly free trade. The Navigation Acts were modified, tariffs were reduced and the colonies were permitted to trade directly with foreign countries; nevertheless it was not till 1860 that the preferential system was completely abandoned. Britain was by that time firmly committed to free trade. Her export industries were efficient and could compete within Dominion markets without the benefit of tariff preference over foreign sources of supply. Furthermore the United Kingdom's trade with foreign countries was larger than with the Empire.

### Introduction of Preferences

Towards the end of the nineteenth century, there was a revival within the Empire of sentiment in favour of both tariffs in general and of preferences in particular. It occurred mainly in the colonies themselves, which were beginning to develop industries of their own and were seeking greater security for their export markets. At the same time, European countries and the United States were building up tariff walls behind the protection of which industrialisation was proceeding. Canada was the first of the Empire countries to re-introduce preferential tariffs, in 1898, followed by New Zealand in 1903, South Africa in 1904, and Australia in 1905. In New Zealand's case, the preferences were on a small scale, and because of the desire to avoid a loss of customs revenue took the form of a rise in the duties on some non-British imports rather than a reduction in the duties on British goods.

The speech made by the Premier, Mr. Seddon, in introducing the Preferential and Reciprocal Trade Bill in Parliament shows that the action was taken more on the basis of Empire sentiment than of calculated economic gain. "I believe," he said, "it is the duty of every well-wisher of the Empire in this colony to facilitate the granting of preferential trade to the Mother Country. . . . Are you prepared to make a trade preference and a distinction between your own blood, your own kindred in the Empire, and alien nations? . . . We are granting concessions in this Bill and demanding nothing in return. There must be no bargaining over a great national question like this. Patriotism must be our guide, Empire the goal."

### United Kingdom Returns to Protection

The unilateral granting of preference to Britain by the Dominions was not to be reciprocated for many years. The British action in 1897 in permitting the Dominions to make preferences in her favour was a decisive change of attitude, but the need for cheap food for a large industrial population and the probability of foreign retaliation if Empire countries were favoured by discriminatory tariffs resulted in no further steps being taken. Furthermore, up to the outbreak of the 1914-18 war, world trade was not contracting. It was not until the Imperial War Conference of 1917 that the United Kingdom agreed in principle to a general system of Imperial Preference; and in 1919 and 1921 the first steps were taken to re-establish United Kingdom tariffs on non-British goods, British goods remaining free of duty.

Under the shadow of declining world trade, falling prices, and severe unemployment, the United Kingdom became once more a protectionist country with the passing of the Import Duties Act early in 1932. This provided for a general 10 per cent *ad valorem* tariff from which certain specified commodities and all goods from Empire countries were exempt. The principle of imperial preference was thus firmly established in the United Kingdom. Other Empire countries—already more favourably disposed towards protectionism and preferences—reacted in a similar way to the world depression, raising their tariffs and seeking ways and means of developing assured markets within the Empire.

### The Ottawa Conference

In July, 1932, an Imperial Economic Conference met at Ottawa in an attempt to stave off economic disaster. "The enthusiasts (for Empire Trade) had envisaged a gathering of flourishing nations triumphantly intent upon a task of economic integration; instead it was a gathering of anxious and suffering nations, desperately intent on a task of economic salvage."\* Each country wanted to obtain assured and protected markets, especially for primary products which had fallen most in price. The United Kingdom whose exports to non-British markets were falling faster than those to Empire countries wanted to ensure a privileged position for her goods in the latter countries. Hence there was a general desire to "clear

\* W. K. Hancock, *Survey of British Commonwealth Affairs*, Volume 2, p. 215.

out the channels of trade among ourselves," and to raise the prices of Empire goods from their depressed levels. There was plenty of scope, however, for disagreement on how these objectives might be achieved.

The immediate results of the Ottawa Conference may be summarised as follows:—

1. The United Kingdom pledged herself to continue the free entry of Empire goods into her markets, and imposed further tariff duties on a number of commodities if obtained from non-British countries. The existing 10 per cent *ad valorem* duty imposed by the United Kingdom on specified foreign goods was not to be reduced without the consent of the Empire countries.
2. The United Kingdom agreed to restrict the importation of meat from non-British countries; and to refrain from imposing any quantitative control over imports of Empire meat for a period of two years, provided the supplying countries did not increase their supplies unduly.
3. The United Kingdom promised that the colonies would extend to the Dominions the same tariff preferences which they extended to the other parts of the Empire.
4. The Dominions, most of which had been raising their tariffs to high levels in the years preceding Ottawa, agreed to grant tariff preferences to the United Kingdom and Colonies. In some cases, this involved a reduction in the duty on British goods, but to a large extent the preferential margin was established by raising the duty on non-British goods. In some cases, a minimum preferential margin was guaranteed. Some of the Dominions, including New Zealand, undertook to review their tariffs in the light of two broad principles, namely—
  - (a) "protection by tariffs shall be afforded against United Kingdom products only to those industries which are reasonably assured of sound opportunities for success"; and
  - (b) "protective duties shall not exceed such a level as will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production."

Just how these two undertakings could be applied in practice was not explained.
5. The Ottawa Agreements were to apply for a period of five years at least, and to continue in force thereafter unless rescinded.

#### New Zealand's Agreement with United Kingdom

Included in the various agreements reached at Ottawa was one between the United Kingdom and New Zealand Governments, signed on 20th August, 1932. It followed the general lines indicated above, and also contained the following special provisions:—

**Article 1:** Entry of New Zealand goods into the United Kingdom was to continue free of duty. This guarantee applied to dairy produce for three years only, when the situation would be reviewed by the United Kingdom subject to the maintenance of preferential margins.

**Article 2:** The United Kingdom would impose certain duties on foreign goods, of the kind which New Zealand exported—e.g., 15/- per cwt. on butter, 15% on cheese, 4/6d. per cwt. on apples.

**Article 3:** The United Kingdom agreed not to reduce, without the consent of the New Zealand Government, the 10 per cent duty on certain foreign goods, including tallow, canned meat, sausage-casings, cascin, seeds, and leather.

**Article 6:** New Zealand agreed to reduce the rate of duty on four groups of United Kingdom goods—confectionery, apparel and ready-made clothing, hosiery, silk and artificial silk piece goods—and to exempt all United Kingdom goods from the application of the surtax of nine-fortieths or one-twentieth, as the case might be, of the Customs duty.

**Article 10:** New Zealand undertook that, where the existing margin of preference enjoyed by United Kingdom goods over those of foreign countries was 20 per cent *ad valorem* or less, it would not be reduced; and that, where the margin exceeded 20 per cent, it would not be reduced below 20 per cent without the consent of the United Kingdom Government.

**Article 11:** New Zealand undertook that the primage duty of 3 per cent levied on United Kingdom goods which were otherwise free of duty would not be increased, and would be removed as soon as financial conditions permitted.

**Article 12:** New Zealand undertook to maintain certain margins of preference in favour of six commodities imported from British colonies, protectorates and mandates, and to grant to such territories the same preferences as were granted to the United Kingdom in respect of other goods.

#### Developments since Ottawa

In New Zealand, a Tariff Commission was set up in 1933 to review and adjust the Customs Tariff in the light of the broad principles adopted at Ottawa, and in 1934 a new tariff schedule came into force. Where preferences were introduced or increased, it was done mainly by reducing the British Preference rate while leaving the foreign rate unchanged.

Since 1934, few changes have been made in the broad pattern of tariff preferences as applied not only in New Zealand but also in other Commonwealth countries. The significance of tariff duties has been considerably modified, however, by changes in price levels and exchange rates, by the impact of war, and especially by the widespread adoption of quantitative trade restrictions. These restrictions have also been discriminatory, but the preferential grouping has been on a currency basis (the "sterling area") instead of a political basis (the "Empire" or "Commonwealth"), and the two are not quite identical. To the extent that it is possible to remove quantitative restrictions on trade, tariffs and preferences will become of increased importance. Meanwhile all members of the British Commonwealth are also contracting parties to the General Agreement on Tariffs and Trade; and, although tariff preferences are regarded in GATT as undesirable forms of discrimination in international trade, existing preferential systems are allowed to continue and are subject to reduction by negotiation (see "Bulletin" for November, 1952). In the tariff negotiations which have already taken place at Geneva, Annecy and Torquay, limited impact has been made on the British Preference system, though most favoured nation rates for many tariff items have been "bound" against increase and in others reductions have been made accompanied in some cases by reductions in the British Preferential tariff.



The imperial preferences have thus been in force, in approximately their present form, since 1932, and in a much more limited form since the beginning of this century. There is much discussion as to whether

the results have been beneficial, and whether the system should be allowed to continue. Some of the arguments for and against will be outlined in a further article.

## New Zealand's Overseas Exchange Transactions, 1952

ON PAGES 30 TO 32 OF THIS ISSUE of the "Bulletin" is published an analysis of New Zealand's exchange control transactions for the calendar year 1952. Last year, New Zealand incurred a deficit of £23.4 million compared with one of £51.3 million for the June year 1951-52 and a surplus of £16.1 million for the calendar year 1951.

The following table summarises the main changes which have occurred within the past three years:

**OVERSEAS EXCHANGE TRANSACTIONS: 1950-52**  
(£N.Z. millions)

	(Calendar Years)		
	1950	1951	1952
<b>Receipts:</b>			
<b>1. Exports</b>			
(a) Butter	36.2	49.7	48.6
(b) Cheese	14.6	15.8	16.1
(c) Meat	31.2	29.5	39.5
(d) Wool	84.6	125.0	74.5
(e) Other	28.1	33.9	37.3
<b>2. Other Receipts</b>	19.0	22.3	29.5
<b>Total Receipts</b>	<b>213.6</b>	<b>276.1</b>	<b>245.4</b>
<b>Payments:</b>			
<b>1. Government Payments</b>			
(a) Debt Interest	2.5	2.5	2.5
(b) Debt Redemption	—	.3	—
(c) Imports	22.0	18.9	30.3
(d) Other	3.9	8.2	5.7
<b>2. Private Imports</b>	140.7	201.2	200.0
<b>3. Other Payments</b>	29.9	28.8	30.3
<b>Total Payments</b>	<b>199.1</b>	<b>260.1</b>	<b>268.8</b>
<b>Balance: (Surplus + Deficit —)</b>	<b>+14.5</b>	<b>+16.1</b>	<b>-23.4</b>

Total receipts in 1952 of £245.4 million were £30.7 million lower than in the previous year, while payments amounting to £268.8 million were £8.7 million higher. On the receipts side, the fall was caused by a drop in wool receipts of £50.5 million, substantial increases in receipts being recorded for meat, "other exports" and "other receipts". The small rise in total payments were mainly the result of the increase in Government imports. Private imports did not show any significant alteration from 1951.

A feature of the exchange transactions during 1951 and 1952 has been the high value of import payments. Yearly figures, however, conceal the sharp fluctuations which have taken place during this period. As the following table shows, payments for private imports rose slowly throughout 1950. The widespread removal of controls over imports from soft currency areas and a strong internal demand associated with the high level of wool prices caused import payments to double between the first and last quarters of 1951. The sharpness of that rise was accentuated by the waterfront dispute which delayed the arrival of goods in this country in the first half of the year. In the

first quarter of 1952 payments for imports continued to be heavy.

**PAYMENTS FOR PRIVATE IMPORTS**  
(£N.Z. millions) (Monthly Average)

	1950	1951	1952
1st Quarter	11.0	12.8	22.7
2nd Quarter	11.2	11.9	18.1
3rd Quarter	11.8	18.3	14.4
4th Quarter	12.9	21.1	11.5

In order that New Zealand's overseas reserves should not fall below a level adequate to the needs of the economy, the Reserve Bank, after consultation with the Government announced that the foreign exchange available to each importer in 1952 would be limited to 80 per cent of the amount sold to that importer in 1950. Those importers requiring exchange in excess of the "basic" 80 per cent were to apply to the Reserve Bank. As a result of the introduction of this policy on 1st April, 1952, and of the reaction from over-importing earlier, payments for private imports have declined steadily.

New Zealand achieved a surplus of £19.8 million with all non-sterling countries during 1952 compared with £50.8 million in 1951. This reduction was primarily caused by a fall of £34.8 million in wool receipts. The Dollar Area surplus was £0.2 million as against £8.1 million in 1951. The surplus with countries belonging to the

**NEW ZEALAND'S OVERSEAS EXCHANGE TRANSACTIONS, 1952**  
(£N.Z.000)

<b>Current Account</b>	
1. Exports	215,909
2. Imports	230,263
3. Invisible (Net)	— 11,754
<b>Balance of Current Transactions (Deficit —)</b>	<b>— 26,107</b>
<b>Capital Account</b>	
1. Investment Account (Lending or Repayment +; Borrowing—)	
(a) Private Capital Transactions	
i. Long-term	— 1,685
ii. Short-term	— 1,653
(b) Government Investment	+ 596
(c) Local Body Debt Repayment	+ 76
(d) Other Capital Transactions (Net) including Errors and Omissions	— 14,510
<b>TOTAL—INVESTMENT ACCOUNT</b>	<b>— 17,176</b>
2. Net Overseas Assets (Increase +; Decrease —)	
(a) Reserve Bank	
i. Investments	— 10,050
ii. Foreign Exchange Holdings	+ 999
(b) Trading Banks	+ 120
<b>TOTAL—NET OVERSEAS ASSETS</b>	<b>— 8,931</b>
<b>Net Change in Capital Account (Capital outflow +; inflow —)</b>	<b>— 26,107</b>

Organisation for European Economic Co-operation (which operates the European Payments Union) fell from £31.2 million in 1951 to £16.9 million in 1952. With all other countries the surplus of £2.7 million was much less than the £11.5 million recorded in the previous year. (These figures are based on the countries from which receipts originate and those to which payments are made. For import payments, the country to which exchange is paid need not necessarily be the country of origin of the goods. Thus exchange transactions are recorded by country of settlement, whereas trade figures compiled for customs purposes are based upon the country of origin.)

The final table on page 21 contains a division of the 1952 transactions into current and capital accounts. The purpose of this analysis is to indicate how the

deficit on current account was financed by capital movements and by changes in Net Overseas Assets. The figures show that on current (i.e., non-capital) account there was a deficit in 1952 of £26.1 million, which was financed to the extent of £8.9 million by the use of overseas assets of the banking system, and was offset to the extent of £2.7 million by net capital receipts. The remaining item, "Other Capital Transactions (Net) including Errors and Omissions", is accounted for mainly by time-lags and items in transit, accentuated by the change in the rate of flow of imports between the beginning and end of the year. This caused the fall in net overseas assets in 1952 to be much lower than the balance of payments deficit. When the flow of imports is steady, only small discrepancies arise between the two.

## Retail Trade in the Wellington Area During 1952

THE SAMPLE SURVEY, conducted by the Reserve Bank, of retail trade in the Wellington area has now produced the second full year of statistics relating to monthly values of sales and stocks. (See February, 1952, "Bulletin" for an outline of the scheme.) The list of participating retailers, consisting of independent, department and chain stores, was enlarged slightly during 1952 whilst there were two withdrawals.

The retailers in the groups have been very co-operative in furnishing the monthly data and have used the results communicated to them as a yardstick with which to judge their own sales records. The Bank has watched with interest the figures as an approximate guide to trading conditions in the private sector of the economy, whilst at the same time realising that the sample (total sales by reporting firms in 1952 were about £4.5 million) represents but a small part of consumer expenditure in New Zealand. However, the census of distribution to be undertaken shortly by the Census and Statistics Department will provide a coverage of the whole country and all aspects of retail trade will be surveyed.

In order to make the index of sales a more comprehensive measure of changes in consumer expenditure, it is intended, during 1953, to add a food group to the Bank's survey. This will improve the survey considerably.

### "All Groups" Sales

The year 1952 made a good beginning with sales approximately 12 per cent in value above the previous January. After that, monthly sales were below those for the corresponding months of 1951. In September and October there was an upward movement followed by a downturn in November. In December an exceptionally good month was reported, the value of sales being considerably above that for the two previous Decembers. For the full calendar year, total sales reached about the same level in value as in the preceding year.

In any interpretation of monthly figures of retail trade, allowance must be made for differences in the number of shopping days in each month. Furthermore, in most commodity groups the days of the week are of varying importance in retail sales, especially Friday with its late shopping night. Some months have five Fridays instead of the more usual four.

In trying to make an assessment of the year's retail

trading, it would be desirable to know more than the extent of changes in the value of sales. The survey measures value only and reflects changes both in the quantity of goods purchased and in prices. In order to eliminate the effect of price changes, the indices would require adjusting by an appropriate retail price index. However, retail sales adjusted for price changes would not measure simply unit quantity of goods sold. The factor of quality is important, as a trend to a higher-priced and presumably higher quality merchandise would result in an increase in retail sales adjusted for price changes, even although the number of units sold remained the same. A price index would mainly take account of changes in the price of articles of a given specification and quality and would not take cognisance of changes in quality. Such changes, however, take place only slowly.

Despite these difficulties in measuring the volume of retail sales, it is apparent that sales were lower in volume during 1952 than in 1951; for although the value of sales was about the same in the two years prices were higher in 1952. An approximate indication of the extent of the increase is given by the Government Statistician's Consumers' Price Index which rose by 8 per cent during 1952.

### "All Groups" Stocks

Consumers had a wide range of goods in 1952 from which to choose, as is evidenced by the consistently high level of stocks throughout the year. There was a sharp downward turn in December, but this is a normal consequence of Christmas sales. Some rebuilding of stocks may reasonably be expected to follow in the early months of 1953. (It should be noted that these figures cover retailers' stocks only, and not wholesalers'.)

### Sales and Stocks by Commodity Groups

The "all groups" figures do not show the widely differing position in respect of the various classes of goods. Sales of clothing, both men's and women's, were slightly lower in value in 1952 compared with 1951, in spite of the large number of bargain sales due to over-stocking. For most months of the year, sales were below those of the corresponding months of 1951, but there was a marked improvement in December. Stocks were fairly high throughout the year but dropped in December.

Of the seven commodity groups, household drapery fared worst when compared with monthly value of sales in the corresponding periods of 1951 and the base year (year ended March, 1951). A relevant factor when making comparisons is the considerable amount of anticipatory buying that occurred in the base period following the outbreak of the Korean war, thus making the base year sales greater than they would have normally been. Nevertheless, the level of sales was

very low, and even December was not a good month. Household drapery stocks were at their peak in June, but retailers appear to have since reduced their rate of buying, and by the end of the year stocks though still high had been somewhat reduced.

Footwear sales have established a fairly steady and consistent annual pattern, and both sales and stocks were about the same for the calendar years 1951 and

The monthly values of furniture and furnishings

### RETAIL TRADE - WELLINGTON AREA

(Average monthly value for  
year ended 31st March, 1951 = 100)

#### Sales and Stocks - Index Numbers

##### (a) Sales

Commodity Group	Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Annual Average
Men's and Boys' Wear	1950	..	..	..	76	94	101	88	96	101	82	107	196	..
	1951	72	91	94	94	117	115	113	101	79	87	101	175	103
	1952	85	86	79	89	113	96	110	92	84	85	84	191	100
Women's, Girls' and Infants' Wear	1950	..	..	..	92	108	98	81	96	96	98	111	139	..
	1951	78	98	104	110	130	111	94	108	96	98	111	148	107
	1952	90	88	91	109	117	102	95	93	92	101	91	160	103
Household Drapery	1950	..	..	..	92	116	101	85	92	109	81	105	123	..
	1951	86	108	103	96	131	117	108	97	75	68	77	98	97
	1952	60	81	76	85	91	114	86	59	49	51	56	76	74
Footwear	1950	..	..	..	97	106	102	86	93	96	97	106	145	..
	1951	79	91	101	116	124	109	108	102	98	101	113	145	107
	1952	82	97	101	111	127	105	97	92	96	114	98	163	107
Furniture and Furnishings	1950	..	..	..	76	100	96	97	102	99	91	121	115	..
	1951	82	111	106	109	118	118	132	122	108	105	127	127	114
	1952	78	101	101	100	106	135	127	109	101	104	110	119	108
Household Appliances	1950	..	..	..	75	81	49	89	89	99	70	179	141	..
	1951	63	120	144	109	105	64	88	111	100	102	134	202	112
	1952	114	109	155	121	124	85	125	126	127	161	146	233	136
Radios	1950	..	..	..	113	134	111	115	123	89	95	81	85	..
	1951	84	86	83	178	111	95	164	133	88	95	78	99	108
	1952	75	79	86	140	89	94	100	69	103	61	73	140	92
ALL GROUPS	1950	..	..	..	85	101	95	88	96	98	89	115	156	..
	1951	76	97	104	106	119	107	107	107	92	94	111	157	106
	1952	86	91	94	102	114	101	106	95	96	102	97	176	105

##### (b) Stocks

Men's and Boys' Wear	1950	..	..	..	90	90	91	93	96	98	106	113	106	..
	1951	107	101	107	113	117	119	117	118	131	137	137	146	121
	1952	134	127	127	133	126	128	123	115	117	126	128	112	125
Women's, Girls' and Infants' Wear	1950	..	..	..	89	89	91	86	102	107	111	114	104	..
	1951	96	103	108	112	109	106	102	120	129	140	145	133	117
	1952	127	109	110	124	122	119	115	128	129	140	143	118	124
Household Drapery	1950	..	..	..	118	105	101	91	92	93	99	106	102	..
	1951	107	94	92	92	77	77	75	89	74	123	136	139	98
	1952	141	145	141	144	154	159	147	148	144	138	134	130	144
Footwear	1950	..	..	..	82	91	91	90	104	105	108	109	104	..
	1951	102	105	108	101	102	104	100	110	118	124	128	113	110
	1952	109	114	113	108	106	108	111	112	119	118	124	105	112
Furniture and Furnishings	1950	..	..	..	86	89	90	86	96	96	105	105	104	..
	1951	103	117	121	125	125	134	133	163	166	194	218	217	152
	1952	285	246	236	267	267	253	235	221	213	212	202	193	236
Household Appliances	1950	..	..	..	96	81	80	95	102	109	103	113	117	..
	1951	102	101	103	86	85	72	86	89	91	98	114	98	94
	1952	86	140	154	163	156	195	194	189	221	196	165	146	167
Radios	1950	..	..	..	103	95	80	102	95	98	103	111	109	..
	1951	101	100	102	89	79	72	67	56	72	74	99	85	83
	1952	80	101	130	96	95	86	94	106	107	103	117	114	102
ALL GROUPS	1950	..	..	..	91	90	90	91	98	101	108	113	105	..
	1951	103	104	108	109	109	109	108	118	127	137	141	138	118
	1952	132	129	129	136	132	133	128	130	132	135	135	117	131

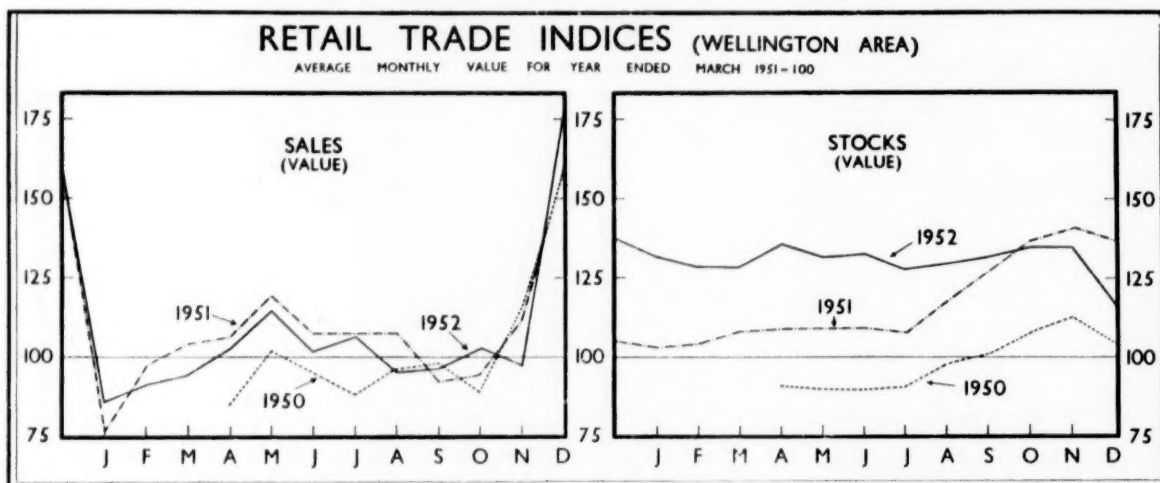


sales were below the 1951 levels, but except for the month of June stock values reached a very high peak (in value, almost three times that of the monthly average in the base year) in January, 1952. Thereafter they declined steadily but were still unusually high at the end of the year.

The household appliance group has had a most successful year. In every month except February, sales values have been higher (in some months considerably higher) than in the same months of 1951. In part, the

reason for the large increase may be that increased factory output has been available to retailers, especially in the case of household refrigerators. The stock position of household appliances was also at a much higher level in 1952, and at the peak month of September the stock values were showing an increase of 144 per cent on the previous September.

The radio sales indices show fairly erratic monthly movements. For 1952, sales were lower than 1951 by about 15 per cent, and stocks were higher.



### Shorter Notes

#### Classification of Bank Advances

The classification of bank advances shown in the table on page 27 is of more than ordinary interest because advances have been falling sharply since April, 1952, and this table shows in which categories the largest movements have occurred. During the fourth quarter of 1952, total bank advances declined by £16 million, most of this being non-seasonal in nature. The principal change occurred in advances to the business community, i.e., to manufacturers, merchants and retailers. Advances in these categories declined by over £13 million representing a reduction by more than 20 per cent of the total at the beginning of the quarter. The main reasons for the sharp decline, which was a continuation of the trend in the 2nd and 3rd quarters of 1952 although at a much faster rate, were the lower volume of imports and the reduction in stocks of goods, which has been taking place for some months and was accelerated in December.

The quarterly movement in other categories was largely seasonal. Of the industries allied to primary production a rise usually occurs in the fourth quarter in advances to the meat freezing companies and a fall in those to dairy companies. The former movement is associated with the commencement of the meat export season which reaches a peak in the first quarter of the year; the decline in advances to dairy factories accompanies the processing of the flush of the season's produce. This industry experiences its seasonal rise in advances when its export season commences in the third quarter of the year.

#### Capital Issues Control

Figures relating to the control of capital issues in excess of £10,000 a year by companies are given in the tables opposite. Those for total approvals are subject to the same qualifications as the earlier figures published on page 53 of the "Bulletin" for April, 1952 and are comparable with them.

Under the heading "New Finance" are included only those issues which, by public subscription or private placing, make demands on the money currently becoming available for investment in New Zealand. Thus, although loans made from primary industry funds and those cases involving the investment of overseas capital in New Zealand, represent new finance to the firms concerned, they are not included here under "New Finance" because they are not attracting money from the New Zealand market. Issues of these two types approved during 1952 amounted to £2.38 million. Figures for "New Finance" in previous years are not available, but indications are that they amounted to about two-thirds of the total approved.

Almost all the £5.8 million of issues declined involved new finance and all were refused subsequent to the tightening of the control and the institution of the Capital Issues Committee in April, 1952. From the figures, it would appear that the demand made by companies for new finance during the past year was about the same as for 1951 but the Committee, although it functioned for only nine months of the year, reduced the value of issues coming on to the market by approximately one-third.



## CAPITAL ISSUES CONTROL

## 1. Total Approvals 1949-52

Source: Stamp Duties Office and  
Capital Issues Committee

Calendar Year	Registrations		Increases and Allotments		Mortgages and Debentures		Total	
	No.	£000	No.	£000	No.	£000	No.	£000
1949	51	1,766	102	5,815	57	2,716	210	10,298
1950	59	3,505	101	7,080	64	1,476	224	12,061
1951								
1st Quarter	37	1,187	40	1,520	37	3,512	114	6,219
2nd " "	46	2,395	41	1,696	41	1,384	128	5,475
3rd " "	27	1,394	50	4,585	49	2,649	126	8,628
4th " "	38	2,461	53	2,908	46	2,435	137	7,803
Total	148	7,437	184	10,709	173	9,980	505	28,126
1952								
1st Quarter	22	946	53	2,556	44	2,646	119	6,148
2nd " "	45	1,265	50	2,732	82	2,242	177	6,239
3rd " "	59	2,368	72	3,275	68	1,765	199	7,408
4th " "	47	894	40	2,100	65	1,945	152	4,939
Total	173	5,473	215	10,663	259	8,598	647	24,734

## 2. Approved New Finance

1952								
1st Quarter	—	392	—	1,287	—	1,662	—	3,341
2nd " "	—	156	—	1,649	—	1,967	—	3,812
3rd " "	—	462	—	1,380	—	732	—	2,574
4th " "	—	176	—	1,061	—	1,447	—	2,684
Total	—	1,186	—	5,417	—	5,808	—	12,411

## 3. Applications Declined or Deferred

1952								
1st Quarter	—	—	—	—	—	—	—	—
2nd " "	6	625	8	245	24	1,020	38	1,890
3rd " "	4	120	19	1,366	26	907	49	2,393
4th " "	5	1,082	8	201	9	276	22	1,559
Total	15	1,827	35	1,812	59	2,203	109	5,842

(£000)

## 4. Total Approvals by Classification Groups

Classification Groups	1951				1952				New Finance Approved Total
	Registrations	Increases and Allotments	Mortgages and Debentures	Total	Registrations	Increases and Allotments	Mortgages and Debentures	Total	
Farmers	527	—	112	630	1,101	35	348	1,484	239
Stock and Station Agents, Farmers' Organisations, Freezing Works, etc.	500	968	682	2,150	186	1,206	1,775	3,167	902
Timber (including joinery, etc.)	745	495	885	2,125	585	448	1,322	2,355	1,812
Other Primary (mining, fishing, orchard, etc.)	168	88	40	296	221	385	40	646	327
Breweries, Cordial makers, etc.	215	110	2,435	2,760	—	426	92	518	156
Manufacturers:									
Textiles, Clothing	340	460	539	1,339	66	400	186	652	469
Metals and Machinery*	—	—	—	—	127	1,497	385	2,009	1,363
Other	2,358	2,521	1,160	6,039	243	1,388	1,308	2,939	1,857
Building, Construction,	225	853	541	1,619	345	1,468	163	1,976	1,281
Transport	175	181	278	634	530	334	89	953	296
Hotels	762	15	792	1,569	222	202	337	761	476
Investment, Finance	138	37	64	239	12	319	98	429	230
Merchants:									
Mainly Importers	80	1,546	179	1,805	195	820	360	1,375	603
Other	455	365	309	1,129	37	368	351	776	391
Retailers	219	1,140	1,011	2,370	132	586	518	1,236	746
Property Coys. n.e.i.	254	302	415	971	224	17	275	516	324
Other	276	1,627	555	2,438	1,228	764	953	2,945	939

\* Included in "Manufacturers: Other", in 1951.

# I—RESERVE BANK OF NEW ZEALAND Liabilities and Assets

FEBRUARY, 1953

(N.Z. thousands)

Average of Weekly Figures:	LIABILITIES					ASSETS							
	Bank Notes	Demand Liabilities				Reserve			Investments	Advances to State		Other Advances and Discounts	Other Assets*
		State	Banks	Wool Retention Account†	Other	Gold	Sterling Exchange	Other*		Market's Orgns.	Other		
1946	45,169	17,302	59,731	—	524	2,802	81,332	—	5,991	961	35,127	—	1,396
1947	47,682	13,265	57,102	—	483	2,802	85,300	—	4,576	1,157	28,510	5	1,046
1948*	48,930	13,228	57,706	—	380	2,802	65,090	—	10,496	1,698	35,182	2,437	7,549
1949	51,312	11,384	73,837	—	355	3,223	48,995	—	41,855	3,482	37,628	4,907	1,973
1950	55,126	15,446	74,239	117	1,115	4,269	51,319	256	31,313	5,096	52,245	5,378	2,277
1951	60,361	18,844	69,326	4,204	725	5,139	62,557	383	27,107	3,379	51,134	6,829	3,224
1952	62,252	14,962	48,557	6	484	5,856	23,416	1,235	41,569	2,290	50,795	6,125	1,761
Last Wednesday in Month:													
1951—Nov.	64,576	12,268	69,737	361	470	5,451	38,602	437	46,182	1,541	52,986	6,019	2,365
Dec.	69,366	9,975	65,896	34	191	5,506	29,131	400	54,182	2,586	50,000	6,019	4,069
1952—Jan.	63,837	12,256	62,841	61	299	5,578	22,620	1,467	54,182	2,774	50,000	6,019	2,974
Feb.	62,217	22,149	54,396	—	687	5,638	19,786	1,566	54,182	4,805	50,012	6,019	4,023
Mar.	62,005	33,605	24,643	—	604	5,714	21,756	510	34,182	6,321	50,000	6,019	3,215
Apr.	62,600	22,235	33,210	—	529	5,749	23,019	406	32,182	5,985	50,000	6,019	2,416
May	61,876	15,433	41,098	—	489	5,873	24,818	646	32,182	4,701	50,000	6,019	2,057
June	61,225	11,530	44,426	—	429	5,913	20,741	1,703	32,182	4,812	50,000	6,019	3,683
July	60,374	6,794	44,370	—	520	5,955	18,842	1,877	32,182	3,007	50,066	6,019	420
Aug.	59,568	7,436	50,299	—	830	5,996	20,884	2,272	36,182	1,744	50,973	6,019	612
Sept.	59,331	6,231	56,029	—	445	6,008	17,842	2,321	40,182	764	54,691	6,019	882
Oct.	60,484	10,159	63,187	—	322	6,009	31,992	1,376	42,132	745	51,512	6,019	1,058
Nov.	62,038	7,988	68,452	—	216	6,012	32,157	963	46,132	965	52,748	6,019	747
Dec.	69,247	7,681	71,992	—	176	6,013	30,467	652	58,132	3,007	51,214	6,019	603
1953—Jan.	63,626	8,200	88,846	—	726	6,015	38,466	773	58,132	4,311	54,066	6,019	809
Feb. 4	63,108	12,867	86,796	—	329	6,015	42,801	722	58,132	1,928	54,096	6,019	593
11	62,406	13,247	87,776	—	540	6,015	43,095	781	58,132	1,034	55,549	6,019	717
18	62,132	15,773	87,816	—	621	6,015	45,398	727	58,132	1,133	55,777	6,019	562
25	61,908	13,635	95,161	—	647	6,015	48,830	844	58,132	5,187	53,163	6,019	733

\* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

† Prior to 1950 the figures for "Other Exchange" are included under "Other Assets".

‡ Held temporarily pending transfer to Wool Retention Accounts at trading banks. See text page 19 of February, 1951, issue.

## II—TRADING BANKS

### 1. Liabilities and Assets

(N.Z. thousands)

Average of Monthly Figures :	LIABILITIES (in New Zealand)				ASSETS					Unexercised Overdraft Authorities
	Demand	Time		Total Demand and Time Liabilities	Bankers' Cash*	Net O'seas Assets	Securities		Advances and Discounts	
		Wool Retention Accounts †	Other				Govt.	Other		
1946	117,071	—	34,414	151,485	67,794	12,541	26,168	2,293	58,342	45,041
1947	128,115	—	37,870	165,984	66,041	13,295	20,913	2,124	76,247	46,669
1948*	138,211	—	40,403	178,614	68,814	13,464	16,953	1,942	86,470	50,650
1949	150,699	—	39,016	189,715	86,120	14,526	12,856	1,813	81,981	57,686
1950	167,526	—	39,787	207,313	86,674	17,362	11,730	1,677	94,065	64,178
1951	196,663	19,589	39,815	256,068	83,278	27,276	11,716	1,527	133,079	72,230
1952	187,478	28,612	39,373	255,463	63,730	16,985	11,701	1,335	166,560	69,888
Last Wednes- day in Month :										
1951—Oct.	188,055	30,736	41,093	259,884	91,572	14,108	11,715	1,495	143,227	67,347
Nov.	186,477	31,726	40,364	258,567	85,554	13,401	11,715	1,485	147,336	68,482
Dec. 19	190,265	32,088	40,125	262,478	70,941	15,680	11,715	1,483	154,456	65,282
1952—Jan.	195,143	31,752	39,398	266,294	77,901	19,868	11,714	1,446	159,266	67,294
Feb.	197,216	30,756	39,382	267,354	68,360	22,694	11,714	1,432	166,164	66,883
Mar.	189,901	30,207	47,730	267,838	38,465	22,101	11,714	1,405	187,259	64,192
Apr.	192,133	29,446	39,091	260,670	46,018	17,796	11,714	1,389	186,623	63,755
May	193,481	29,062	39,013	261,557	53,922	18,213	11,714	1,379	179,862	69,937
June	192,186	28,672	38,573	259,430	56,753	19,526	11,714	1,376	173,056	68,825
July	181,615	28,093	37,904	247,612	55,860	16,622	11,687	1,285	171,224	67,700
Aug.	177,440	27,757	38,629	243,825	60,678	13,408	11,687	1,272	164,173	70,648
Sept.	179,978	27,422	38,961	246,360	66,385	12,350	11,687	1,269	158,922	70,246
Oct.	180,876	26,995	38,417	246,289	73,651	11,390	11,687	1,266	159,368	71,702
Nov.	183,448	26,724	38,067	248,239	80,474	11,717	11,687	1,255	150,883	76,859
Dec.	186,314	26,460	37,309	250,083	86,297	18,137	11,687	1,251	141,916	80,609
1953—Jan.	195,167	25,607	37,058	257,833	101,110	18,333	11,687	1,190	135,289	87,325

\* Bankers' Cash includes Notes and Coin, and Balances at Reserve Bank.

† See text pages 19 and 67 of February and May, 1951, issues respectively.

\* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

## II-TRADING BANKS

### 2. Classification of Advances

(£N.Z. thousands)

Published by courtesy of the Associated Banks

Last Wednesday in month	1950	1951		1952			
	December	September	December	March	June	September	December
1. FARMERS:							
(a) Mainly Dairy	8,254	10,136	10,347	8,947	9,395	9,656	8,986
(b) Mainly Wool	5,776	5,772	6,022	6,350	5,895	7,095	7,769
(c) Mainly Meat	1,134	899	998	904	899	1,041	1,134
(d) Mainly Agri-cultural	804	942	1,183	993	1,000	881	902
(e) Mixed	4,393	4,204	4,335	4,343	4,198	4,704	4,881
2. INDUSTRIES	20,362	21,952	22,885	21,538	21,388	23,377	23,674
ALLIED TO PRIMARY PRODUCTION:							
(a) Dairy Co's., Factories, etc.	1,471	4,614	4,582	773	858	5,119	2,618
(b) Freez. Works, Meat Co's., etc.	1,496	5,215	5,376	17,998	12,215	2,131	3,235
(c) Woollen Mills	742	1,629	2,115	3,942	2,868	2,483	2,149
(d) Wool Buyers	10,632	4,504	2,957	4,142	2,202	1,272	1,248
(e) Other	3,548	4,245	5,158	6,597	7,216	7,000	6,344
	17,888	20,207	20,189	33,452	25,358	18,005	15,594
3. OTHER MANUFACTURING & PRODUCTIVE INDUSTRIES:	17,137	21,678	26,245	32,492	32,105	31,403	26,875
4. MERCHANTS, WHOLESALERS:							
(a) Mainly Imp'trs	8,013	10,826	15,970	21,018	19,853	16,057	11,783
(b) Others	2,991	3,724	5,030	6,171	6,121	5,325	4,475
	11,004	14,549	21,000	27,189	25,974	21,381	16,258
5. RETAILERS:	10,150	14,610	17,644	20,658	18,752	17,137	13,594
6. TRANSPORT:							
(a) Shipping	644	394	322	305	237	313	356
(b) Other	2,193	2,731	2,877	3,298	3,188	3,053	2,891
	2,837	3,125	3,199	3,603	3,425	3,366	3,248
7. ALL OTHERS:							
(a) Local Bodies, M'pal Authorities, Public Utility Concerns, etc.	2,325	2,243	2,453	1,486	3,174	3,501	4,119
(b) Stock & Station Agents	956	1,768	3,697	4,512	2,660	6,203	6,492
(c) Hotels (Public & Private), R'rants, etc.	2,725	2,772	2,939	2,910	2,843	2,958	2,953
(d) Entertainment Concerns	229	267	231	297	202	233	280
(e) Financial Co's. Societies, etc.	1,895	1,913	2,257	2,936	2,855	2,814	2,642
(f) Religious and Charitable	353	465	516	574	559	533	631
(g) Professional	2,277	2,659	2,601	3,079	2,952	2,670	2,478
(h) Private Individuals	13,057	15,997	16,649	18,787	17,592	16,912	15,770
(i) Miscellaneous	4,209	5,612	6,536	6,398	6,645	5,678	5,539
	28,026	33,696	37,879	40,980	39,484	41,503	40,904
TOTAL ADVANCES	107,403	129,817	149,039	179,912	166,486	156,171	140,146

### III—VOLUME OF MONEY IN CIRCULATION IN NEW ZEALAND† in the form of Coin, Notes and Bank Demand Deposits¹

(All figures refer to last Balance-day in January)

(£N.Z. millions)

## VOLUME OF MONEY

	1939	1946	1947	1948	1949	1950	1951	1952	1953
Coin (estimated) ..	1.3	2.9	3.0	3.3	3.1	3.3	3.5	3.6	3.7
Notes held by the public	11.0	36.9	39.7	40.9	40.9	44.5	47.4	50.3	52.8
Demand Deposits at:—									
(a) Reserve Bank²	2.9	20.2	15.8	13.5	9.6	9.2	18.3	12.6	8.9
(b) Trading Banks³	36.2	112.0	126.1	134.5	147.4	163.1	194.7	195.1	195.2
<b>Total</b> ..	<b>51.4</b>	<b>172.0</b>	<b>184.6</b>	<b>192.1</b>	<b>201.0</b>	<b>220.0</b>	<b>263.9</b>	<b>261.6</b>	<b>260.7</b>
Change during year	+ 0.1	+ 32.4	+ 12.6	+ 7.5	+ 8.9	+ 19.0	+ 43.8	- 2.3	- 0.9

## CAUSES OF CHANGES IN VOLUME OF MONEY

	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53
Overseas Transactions⁴ ..	+ 30.8	+ 21.8	- 28.3	- 1.0*	- 0.4*	+ 27.5	- 12.5	+ 1.5
Bank Credit:—								
Reserve Bank—								
Advances and Discounts ..	+ 13.0	- 13.6	+ 17.1	+ 8.9	+ 11.6	+ 2.1	- 8.2	+ 5.6
Investments in New Zealand	- 1.7	- 7.7	+ 3.9	+ 7.0*	+ 12.0*	- 9.0	- 12.0	+ 14.0
Trading Banks—								
Advances and Discounts ..	+ 1.7	+ 15.0	+ 20.1	- 6.7	- 1.5	+ 34.0	+ 46.6	- 24.0
Investments in New Zealand	- 9.0	- 2.3	- 6.7	- 4.3	- 2.8	- 0.1	- 0.2	- 0.3
Shift from Time to Demand Liabilities at Trading Banks⁵ ..	- 2.3	- 2.2	- 3.6	+ 0.3	- 0.2	- 0.8	+ 0.4	+ 2.3
Shift into Wool Retention Accounts ..	-	-	-	-	-	- 11.7	- 20.1	+ 6.2
Other Items ..	- 0.1	+ 1.6	+ 5.0	+ 4.7	+ 0.3	+ 1.8	+ 3.7	- 6.3
Change during year	+ 32.4	+ 12.6	+ 7.5	+ 8.9	+ 19.0	+ 43.8	- 2.3	- 0.9

## COMPARISON OF PERIODS 1935-39, 1939-46, 1946-53 AND 1935-53

## CHANGES IN VOLUME OF MONEY

	1935-39 (4 years)	1939-46 (7 years)	1946-53 (7 years)	1935-53 (18 years)
Coin (estimated) ..	+ 0.5	+ 1.5	+ 0.9	+ 2.9
Notes held by public ..	+ 4.9	+ 26.0	+ 15.9	+ 46.7
Demand Deposits at:—				
(a) Reserve Bank² ..	- 5.4	+ 17.3	- 11.3	+ 0.6
(b) Trading Banks⁶ ..	+ 10.3	+ 75.8	+ 83.2	+ 169.3
<b>Total¹</b> ..	<b>+ 10.3</b>	<b>+ 120.6</b>	<b>+ 88.6</b>	<b>+ 219.6</b>

## CAUSES OF CHANGES IN VOLUME OF MONEY

	1935-39 (4 years)	1939-46 (7 years)	1946-53 (7 years)	1935-53 (18 years)
Overseas transactions⁴ ..	- 33.3	+ 83.3	- 11.5*	+ 38.4*
Bank Credit:—				
Reserve Bank—				
Advances and Discounts ..	+ 17.8	+ 23.2	+ 23.5	+ 64.4
Investments in New Zealand	+ 1.4	+ 5.0	+ 28.2*	+ 34.5*
Trading Banks—				
Advances and Discounts ..	+ 11.4	- 4.5	+ 83.6	+ 90.5
Investments in New Zealand	+ 3.8	+ 19.8	- 16.8	+ 6.9
Shift from Time to Demand Liabilities at Trading Banks⁵ ..	+ 6.5	- 3.5	- 3.6	- 0.6
Shift into Wool Retention Accounts ..	-	-	- 25.6	- 25.6
Other Items ..	+ 2.8	- 2.7	+ 11.0	+ 11.1
<b>Total</b> ..	<b>+ 10.3</b>	<b>+ 120.6</b>	<b>+ 88.6</b>	<b>+ 219.6</b>

NOTES.—¹ Excludes deposits held at Savings Banks.

² i.e. Government and other demand deposits at Reserve Bank, excluding Trading Banks' balances and wool retention balances held at Reserve Bank.

³ i.e. Trading Banks' total demand liabilities in New Zealand.

⁴ As shown by changes in foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities. Plus sign indicates that overseas exchange receipts exceeded disbursements and minus sign indicates an excess of disbursements.

⁵ Minus sign indicates shift from demand to time liabilities.

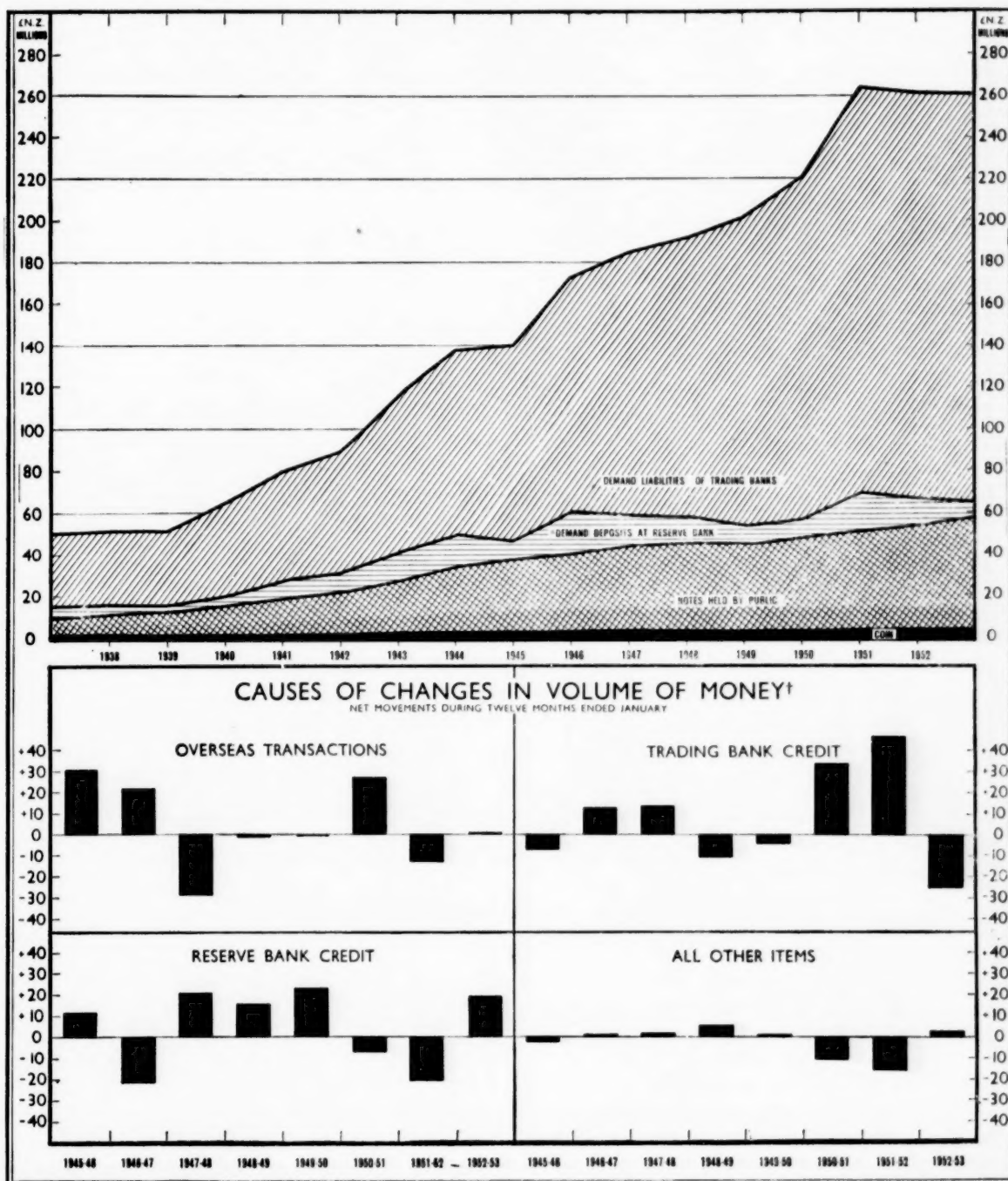
⁶ Apart from the amount of £600,000 paid in cash by the Government to the Reserve Bank, the adjustments consequent on the exchange rate appreciation in August, 1948, neither increased nor decreased the amount of money in circulation in New Zealand in the form of coin, notes, and bank demand deposits, and are therefore not included in the above table.

† For explanation of treatment of wool retention balances see text page 19, of February, 1951 issue.



## VOLUME OF MONEY IN NEW ZEALAND†

JANUARY FIGURES



\* Excludes trading banks deposits and wool retention balances at the Reserve Bank.

† For explanation of treatment of wool retention balances see text page 19, of February, 1951, issue.

## IV-EXCHANGE CONTROL-ANALYSIS OF TRANSACTIONS

FEBRUARY, 1953

(£N.Z. thousands)

## 1. Receipts 1952

	Total	United Kingdom	Australia	Other Sterling Area	Total Sterling Area	U.S.A. & American Account	Canada	Total Dollar Area	O.E.E.C. Countries	All other Countries
<b>Current Items:</b>										
<b>1. EXPORTS</b>										
(a) Butter	48,583	40,051	13	3,328	43,392	571	950	1,521	3,440	230
(b) Cheese	16,070	14,158	9	432	14,598	485	340	825	590	56
(c) Meat	39,505	37,975	8	1,043	39,026	197	123	321	158	—
(d) Wool	74,496	35,231	546	537	36,314	14,999	2,112	17,110	17,806	3,266
(e) Other	37,255	18,259	2,350	1,459	22,068	7,727	970	8,697	3,745	2,745
<b>2. TRANSPORT</b>										
(a) Freight (n.e.i.)	395	376	13	2	391	—	—	—	3	2
(b) Fares	39	30	—	3	33	1	—	1	5	—
(c) Port Disbursements by Shipping Companies	1,393	1,259	37	55	1,352	9	14	23	16	—
<b>3. INSURANCE</b>										
(a) Premiums	103	18	8	75	101	1	—	2	—	—
(b) Claims	205	139	24	15	177	13	5	17	11	—
(c) Other Transfers	237	135	57	44	237	—	—	1	—	—
<b>4. TRAVEL</b>										
Private and Business (excluding fares)	1,685	762	743	71	1,577	79	18	97	9	2
<b>5. INTERNATIONAL INVESTMENT INCOME</b>										
(a) Interest and Dividends	2,637	2,130	451	18	2,599	8	5	13	1	25
(b) Other Investment Income	3,463	1,406	749	488	2,643	447	326	772	44	4
<b>6. GOVERNMENT TRANSACTIONS</b>										
(a) Foreign Government Expenditure (n.e.i.)	397	45	42	142	229	27	—	27	113	28
(b) N.Z. Government Receipts (n.e.i.)	868	511	190	23	725	12	-2*	10	133	—
<b>7. MISCELLANEOUS CURRENT TRANSACTIONS</b>										
(a) Commissions & Royalties	1,281	890	139	59	1,078	113	43	156	32	15
(b) N.Z. Expenses of Overseas firms	753	534	101	32	667	68	6	74	8	3
(c) Personal Receipts	3,351	1,999	740	300	3,039	195	62	257	41	13
(d) Legacies	1,188	940	116	42	1,099	69	14	83	6	—
(e) Immigrants' Transfers	2,900	2,532	176	111	2,819	16	11	27	51	2
(f) Other Current Transactions	1,345	682	382	110	1,174	128	14	142	27	2
<b>Total Current</b>	<b>238,149</b>	<b>160,053</b>	<b>6,893</b>	<b>8,390</b>	<b>175,337</b>	<b>25,164</b>	<b>5,012</b>	<b>30,177</b>	<b>26,241</b>	<b>6,394</b>
<b>Capital Items:</b>										
<b>1. PRIVATE CAPITAL RECEIPTS</b>										
(a) Reducing Assets	2,334	1,374	582	205	2,160	79	68	146	26	1
(b) Increasing Liabilities	4,647	4,247	313	38	4,598	36	3	39	10	—
<b>2. GOVERNMENT CAPITAL RECEIPTS</b>										
(a) Reducing Assets	—	—	—	—	—	—	—	—	—	—
(b) Increasing Liabilities	—	—	—	—	—	—	—	—	—	—
<b>Total Capital</b>	<b>6,981</b>	<b>5,620</b>	<b>895</b>	<b>243</b>	<b>6,758</b>	<b>115</b>	<b>70</b>	<b>185</b>	<b>36</b>	<b>1</b>
COOK ISLANDS EXPORTS	224	182	5	—	186	32	—	32	5	—
UNIDENTIFIED ITEMS	8	42	14	28	84	6	—	6	-73*	-8*
<b>Total Receipts</b>	<b>245,362</b>	<b>165,897</b>	<b>7,807</b>	<b>8,660</b>	<b>182,365</b>	<b>25,318</b>	<b>5,083</b>	<b>30,400</b>	<b>26,209</b>	<b>6,387</b>

\* Minus sign results from reclassification of unidentified items from previous period.

## IV—EXCHANGE CONTROL—ANALYSIS OF TRANSACTIONS

(£N.Z. thousands)

## 2. Payments 1952

	Total	United Kingdom	Australia	Other Sterling Area	Total Sterling Area	U.S.A. & American Account	Canada	Total Dollar Area	O.E.E.C. Countries	All other Countries
<b>Current Items:</b>										
1. IMPORTS										
(a) N.Z. Licences	56,497	23,719	2,577	3,175	29,471	16,088	6,689	22,777	1,627	2,619
(b) Decontrolled Imports	139,170	112,108	15,055	3,514	130,677	1,002	92	1,094	6,884	516
(c) Government	30,290	18,663	8,612	65	27,340	2,287	534	2,822	81	48
(d) Other	4,306	4,019	57	44	4,121	35	—	35	149	—
2. TRANSPORT										
(a) Freights on Exports	792	511	98	48	657	56	18	74	—	61
(b) Fares	884	639	150	3	791	46	41	87	5	1
(c) Ship Charter	2,493	2,493	—	—	2,493	—	—	—	—	—
(d) Port Disbursements by Shipping Companies	27	12	9	2	23	1	—	1	3	—
3. INSURANCE										
(a) Premiums	94	67	7	13	88	3	1	4	2	—
(b) Claims	38	13	4	10	27	5	—	5	—	5
(c) Re-insurance	622	503	118	—	622	—	—	—	—	—
(d) Other Transfers	578	458	45	—	504	25	2	28	5	41
4. TRAVEL										
Private and Business (excluding fares)	5,086	3,449	1,180	207	4,836	166	33	199	37	14
5. INTERNATIONAL INVESTMENT INCOME										
(a) Interest and Dividends	2,263	1,255	552	30	1,837	303	108	411	14	1
(b) Other Investment Income	3,439	2,081	895	45	3,021	306	14	321	26	70
(c) Government Interest	2,482	2,482	—	—	2,482	—	—	—	—	—
(d) Local Body Interest	233	216	16	—	233	—	—	—	—	—
6. GOVERNMENT										
Government Expenditure Overseas (n.e.i.)	5,136	2,413	1,053	1,139	4,605	385	61	446	-6*	91
7. MISCELLANEOUS CURRENT TRANSACTIONS										
(a) Commissions & Royalties	1,374	340	101	141	582	416	35	451	299	41
(b) Rebates and Primages	443	169	6	12	187	142	27	169	71	16
(c) Overseas Expenses of N.Z. firms	2,318	1,500	348	12	1,860	303	89	392	65	—
(d) Personal Remittances	1,123	437	326	156	919	42	4	47	39	119
(e) Film Hire and Entertainment	720	112	131	4	247	472	—	472	—	—
(f) Religious and Charitable	514	168	121	157	446	7	—	8	22	38
(g) Legacies	1,152	674	336	57	1,066	54	22	76	3	6
(h) Emigrants' Transfers	1,128	472	463	106	1,041	42	32	74	11	2
(i) Transfers by Temporary Residents leaving N.Z.	782	467	180	62	709	42	15	57	13	3
(j) Other Current Transactions	419	205	147	20	373	21	7	28	17	1
<b>Total Current</b>	<b>264,401</b>	<b>179,645</b>	<b>32,590</b>	<b>9,024</b>	<b>221,259</b>	<b>22,252</b>	<b>7,826</b>	<b>30,079</b>	<b>9,369</b>	<b>3,695</b>
<b>Capital Items:</b>										
1. PRIVATE CAPITAL REMITTANCES										
(a) Increasing Assets	199	9	177	5	190	4	—	4	—	5
(b) Reducing Liabilities	3,443	2,681	536	101	3,319	78	7	84	35	5
2. GOVERNMENT CAPITAL REMITTANCES										
(a) Increasing Assets	596	596	—	—	596	—	—	—	—	—
(b) Reducing Liabilities	—	—	—	—	—	—	—	—	—	—
3. LOCAL BODY CAPITAL REMITTANCES										
Reducing Liabilities	76	75	1	—	75	1	—	1	—	—
<b>Total Capital</b>	<b>4,315</b>	<b>3,361</b>	<b>714</b>	<b>106</b>	<b>4,181</b>	<b>82</b>	<b>7</b>	<b>89</b>	<b>35</b>	<b>10</b>
COOK ISLAND IMPORTS	87	55	23	2	80	—	2	2	6	—
<b>Total Payments</b>	<b>268,803</b>	<b>183,061</b>	<b>33,327</b>	<b>9,131</b>	<b>225,519</b>	<b>22,335</b>	<b>7,835</b>	<b>30,170</b>	<b>9,409</b>	<b>3,705</b>

\* Minus sign results from reclassification of unidentified items from previous period.

## IV—EXCHANGE CONTROL—ANALYSIS OF TRANSACTIONS

FEBRUARY, 1953

## 3. Balances with Countries, 1952

	Exports	Other Receipts	Imports	Other Payments	Balances		Exports	Other Receipts	Imports	Other Payments	Balances
Australia	2,925	4,883	26,324	7,003	-25,520	Malaya and					
Austria	57	1	17	3	+ 38	Singapore	329	306	529	51	+ 54
Belgian M.A.	2,628	21	1,606	65	+ 978	Mexico	250	1	1	7	+ 244
British West Indies	1,655	27	47	37	+ 1,598	Netherlands	1,891	93	1,000	93	+ 892
Burma	33	—	—	3	+ 31	„ East Indies	4	44	205	7	- 165
Canada	4,495	588	7,318	516	- 2,752	„ West Indies	204	—	—	—	+ 204
Ceylon	11	100	609	8	- 505	Norway	47	10	605	3	- 552
Chile	2	—	61	2	- 61	Pakistan	47	139	28	262	- 103
China	—	—	9	113	- 123	Panama	204	—	—	—	+ 203
Czechoslovakia	712	25	74	1	+ 662	Philippines	193	1	1	—	+ 193
Denmark	724	10	258	23	+ 453	Poland	2,006	—	—	—	+ 2,006
Egypt	74	5	3	43	+ 32	Portugal & Emp.	30	—	115	2	- 87
Eire	2,228	22	19	42	+ 2,188	South Africa	488	472	1,163	324	- 527
Fiji	47	362	1,772	627	- 1,991	Sweden	216	23	1,879	32	- 1,671
Finland	35	2	94	4	- 61	Switzerland	627	24	553	72	+ 26
French M.A.	10,764	190	1,062	219	+ 9,674	Thailand	1	11	42	2	- 33
Germany	4,511	8	951	52	+ 3,516	Turkey	29	—	—	—	+ 28
Greece	211	1	6	19	+ 187	U.S.S.R.	— 558*	20	—	1	- 540
Hong Kong	66	180	326	125	- 205	U.K.	145,674	20,223	158,564	24,496	-17,163
India	1,070	177	2,257	759	- 1,769	U.S.A.	23,318	1,337	19,407	2,911	+ 2,338
Iran (Persia)	—	1	—	4	- 3	Yugoslavia	87	5	1	11	+ 80
Italy	3,786	44	491	70	+ 3,269	All other countries	889	84	103	162	+ 708
Japan	3,869	11	2,847	277	+ 756	<b>Total</b>	<b>215,909</b>	<b>29,452</b>	<b>230,350</b>	<b>38,453</b>	<b>-23,441</b>

(£N.Z. thousands)

## 4. Receipts and Payments—Monthly, 1952

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	TOTAL
<b>Receipts:</b>													
Exports	20,368	24,674	24,381	18,967	21,818	13,593	13,927	14,761	12,177	16,752	13,904	20,587	215,909
Other Receipts	2,272	4,589	2,564	3,208	2,594	1,983	2,438	1,905	2,245	1,693	1,986	1,976	29,452
<b>Total</b>	<b>22,640</b>	<b>29,263</b>	<b>26,945</b>	<b>22,175</b>	<b>24,412</b>	<b>15,576</b>	<b>16,365</b>	<b>16,666</b>	<b>14,422</b>	<b>18,445</b>	<b>15,890</b>	<b>22,562</b>	<b>245,362</b>
<b>Payments:</b>													
Imports:													
Govt.	3,291	2,140	3,848	2,495	1,666	2,546	2,675	2,219	2,468	2,554	2,028	2,359	30,290
Other	24,005	23,136	20,929	18,209	18,337	17,654	16,358	14,038	12,701	12,536	11,233	10,837	199,973
Govt:													
Interest	—	605	—	237	106	294	—	605	—	237	106	294	2,482
Other (excel imports)	232	590	1,373	202	279	420	190	380	529	278	337	922	5,731
All Other	1,840	1,754	3,326	2,995	2,588	2,435	2,794	1,997	2,553	2,470	1,766	3,810	30,327
<b>Total</b>	<b>29,367</b>	<b>28,225</b>	<b>29,476</b>	<b>24,138</b>	<b>22,976</b>	<b>23,349</b>	<b>22,016</b>	<b>19,239</b>	<b>18,249</b>	<b>18,075</b>	<b>15,470</b>	<b>18,222</b>	<b>268,803</b>
<b>Surplus or deficit</b>	<b>-6,728</b>	<b>+1,038</b>	<b>-2,531</b>	<b>-1,963</b>	<b>+1,436</b>	<b>-7,773</b>	<b>-5,652</b>	<b>-2,573</b>	<b>-3,828</b>	<b>+ 370</b>	<b>+ 421</b>	<b>+4,340</b>	<b>-23,441</b>

\* Minus sign results from reclassification of unidentified items from previous period.

## V—FOREIGN EXCHANGE

## Net Overseas Assets\*

(£N.Z. thousands)

Last Wednesday in Month:	1950	1951			1952			1953		
	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total
Jan.	63,360	58,413	32,482	90,895	58,490	19,868	78,359	61,492	18,333	79,825
Feb.	67,304	65,198	34,053	99,251	56,670	22,694	79,364			
Mar.	74,175	68,254	31,504	99,758	56,662	22,101	78,764			
Apr.	82,285	72,410	30,000	102,410	57,035	17,796	74,831			
May	89,241	80,410	34,018	114,428	58,898	18,213	77,111			
June	87,016	83,824	39,492	123,316	55,062	19,526	74,588			
July	83,509	83,454	40,059	123,513	52,886	16,622	69,507			
Aug.	78,402	94,150	23,712	117,862	55,391	13,408	68,799			
Sept.	71,009	91,914	18,802	110,716	52,456	12,350	64,806			
Oct.	68,843	83,855	14,108	97,963	55,512	11,390	66,902			
Nov.	63,541	72,947	13,401	86,347	55,281	11,717	66,998			
Dec.	72,984†	66,123†	15,680†	81,803†	53,426	18,137	71,563			

\* Foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities. The Reserve Bank figures include not only sterling exchange as formerly, but also other foreign exchange holdings and overseas investments. † Last Wednesday before Christmas.